MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES

(in thousands, except per share amounts)

	2017	2018	2019	2020	**2021**
GAAP Operating income	$ 185,645	$ 133,887	$ 115,924	$ 114,061	**$ 134,333**
Equity-based compensation [(a)]	16,229	19,864	31,841	33,355	**43,259**
Purchase amortization [(c)]	430	430	430	429	**264**
Restructuring charge [(d)]	2,921	-	-	-	**-**
Adjusted operating income (Non-GAAP)	$ 205,225	$ 154,181	$ 148,195	$ 147,845	**$ 177,856**
GAAP Income tax provision	$ 68,352	$ 31,541	$ 30,315	$ 26,536	**$ 23,600**
Equity-based compensation [(a)]	5,964	4,662	4,627	3,679	**6,272**
Tax benefit of stock awards vested [(b)]	1,911	777	156	3,830	**4,383**
Purchase amortization [(c)]	158	101	107	105	**65**
Restructuring charge [(d)]	1,073	-	-	-	**-**
U.S. Tax Cuts and Jobs Act impact [(e)]	(2,825)	202	-	-	**-**
Adjusted income tax provision (Non-GAAP)	$ 74,633	$ 37,283	$ 35,205	$ 34,150	**$ 34,320**
GAAP Net income	$ 116,481	$ 104,690	$ 85,762	$ 87,240	**$ 110,472**
Equity-based compensation [(a)]	10,265	15,202	27,214	29,676	**36,987**
Tax benefit of stock awards vested [(b)]	(1,911)	(777)	(156)	(3,830)	**(4,383)**
Purchase amortization [(c)]	272	329	323	324	**199**
Restructuring charge [(d)]	1,848	-	-	-	**-**
U.S. Tax Cuts and Jobs Act impact [(e)]	2,825	(202)	-	-	**-**
Adjusted net income (Non-GAAP)	$ 129,780	$ 119,242	$ 113,143	$ 113,410	**$ 143,275**
GAAP Diluted EPS	$ 1.68	$ 1.58	$ 1.32	$ 1.36	**$ 1.72**
Equity-based compensation [(a)]	0.15	0.23	0.42	0.46	**0.58**
Tax benefit of stock awards vested [(b)]	(0.03)	(0.01)	-	(0.06)	**(0.07)**
Purchase amortization [(c)]	-	-	-	-	**-**
Restructuring charge [(d)]	0.03	-	-	-	**-**
U.S. Tax Cuts and Jobs Act impact [(e)]	0.04	-	-	-	**-**
Adjusted diluted EPS (Non-GAAP)	$ 1.87	$ 1.79	$ 1.74	$ 1.76	**$ 2.23**
Fully diluted shares	69,424	66,434	65,103	64,333	**64,323**

(a) Adjusted results exclude all equity-based compensation to facilitate comparison with our peers. The equity-based compensation is included in the following GAAP operating expense lines for the year ended December 31, 2017, 2018, 2019, 2020 and 2021:

	2017	2018	2019	2020	**2021**
Cost of services	$ 3,994	$ 5,787	$ 9,298	$ 10,156	**$ 15,159**
Research and development	3,208	4,230	6,126	6,810	**8,814**
Sales and marketing	2,240	2,041	3,311	3,454	**4,345**
General and administrative	6,787	7,806	13,106	12,935	**14,941**
Total equity-based compensation	$ 16,229	$ 19,864	$ 31,841	$ 33,355	**$ 43,259**

(b) Adjustments represent the excess tax benefits and tax deficiencies of the equity awards vested during the period. Excess tax benefits (deficiencies) occur when the amount deductible on our tax return is more (less) than the cumulative compensation cost recognized for financial reporting purposes. As discussed above, we excluded equity-based compensation from adjusted non-GAAP results to be consistent with other companies in the software industry. Therefore, we also excluded the related tax benefit (expense) generated upon their vesting.

(c) Adjustments represent purchased intangibles amortization from a prior acquisition. We exclude that amortization from adjusted results to facilitate comparison with our peers, to facilitate comparisons of the results of our core operations from period to period.

(d) In May 2017, we eliminated about 100 positions due to retail sector headwinds and to align our services capacity with demand. That action did not impair or alter our strategic investment plans in innovation and sales and marketing to increase market share and extend our competitive advantage. As a result of that initiative, we recorded a charge of approximately $2.9 million in 2017. The charge primarily consisted of employee severance, employee transition and outplacement costs. We excluded that charge from adjusted non-GAAP results because we do not believe the charge was a cost resulting from normal operating activities.

(e) In the fourth quarter of 2017, we recorded a provisional net one-time tax of $2.8 million because of the enactment of the Tax Cuts and Jobs Act in December 2017. We calculated that amount based on a reasonable estimate of the income tax effects, primarily from a tax on accumulated foreign earnings and the remeasurement of deferred tax assets. We finalized our calculations, resulting in a tax benefit of $0.2 million during the twelve months ended December 31, 2018.